

Online Preferences of Customers Towards Online Insurance Services: A Study of Consumer Buying Behaviour in the Digital Era.

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Abstract: *The rapid growth of digital technology, internet services, and smartphone usage has significantly transformed consumer buying behaviour in the insurance sector. Online insurance services have emerged as an important component of the digital economy by providing consumers with convenient, transparent, and time-saving methods for purchasing insurance policies. This study examines the online preferences of customers towards digital insurance services and analyses the factors influencing their buying decisions in the digital era. The study highlights the role of digital marketing, social media promotions, online reviews, digital payment systems, policy comparison platforms, and InsurTech services in shaping consumer preferences toward online insurance. The paper further discusses the advantages and challenges associated with online insurance purchasing behaviour. Findings reveal that convenience, easy policy comparison, faster transactions, paperless documentation, and attractive premium offers are the major reasons consumers prefer online insurance services. However, concerns regarding cyber fraud, data privacy, fake websites, lack of policy awareness, and claim settlement complexities continue to affect customer trust and satisfaction. The study concludes that consumer preferences toward online insurance services are continuously evolving due to technological advancements, increasing internet penetration, and growing awareness regarding financial security. Therefore, insurance companies must focus on improving cybersecurity, transparency, digital customer support, and service quality to strengthen long-term customer relationships and enhance consumer confidence in the digital insurance marketplace.*

Keywords: Online Insurance, Consumer Buying Behaviour, Digital Insurance Services, Customer Preferences, E-Insurance, Digital Marketing, InsurTech etc

I. INTRODUCTION

The rapid expansion of digital technology has not only transformed online shopping but has also significantly influenced the insurance sector. Today, consumers increasingly prefer purchasing insurance policies through digital platforms due to convenience, easy accessibility, faster claim processes, and digital payment systems. Online insurance services include purchasing health insurance, life insurance, vehicle insurance, travel insurance, and term insurance through websites and mobile applications. Insurance companies are now using digital marketing, social media promotions, artificial intelligence, and online customer support to attract customers and improve service quality. Similar to e-commerce platforms, online insurance providers offer consumers the opportunity to compare policies, premiums, benefits, and claim procedures before making purchasing decisions. The growth of internet penetration, smartphone usage, and digital payment methods such as UPI and online banking has accelerated the adoption of online insurance services in India.

Consumers prefer online insurance services because they save time, reduce paperwork, provide transparency, and offer easy premium comparison facilities. Online reviews, customer ratings, and influencer recommendations also affect



consumer trust in insurance companies. Digital insurance platforms provide 24/7 accessibility, instant policy issuance, online renewal services, and quick customer support, which enhances customer satisfaction. However, despite rapid growth, online insurance services also face challenges such as cyber fraud, data privacy concerns, lack of awareness, fake websites, and difficulties in understanding policy terms and conditions. Therefore, insurance companies must focus on improving cybersecurity, transparency, and customer education to build long-term trust among consumers.

Factors Influencing Consumer Preferences Towards Online Insurance

1. Convenience and Accessibility

Consumers can purchase and renew insurance policies anytime and from anywhere through mobile applications and websites without visiting insurance offices.

2. Easy Comparison of Policies

Digital insurance platforms allow customers to compare premiums, coverage, claim settlement ratios, and benefits offered by different insurance companies.

3. Digital Payment Systems

Online payment methods such as UPI, net banking, debit cards, credit cards, and digital wallets make premium payments simple and secure.

4. Online Reviews and Customer Feedback

Customer reviews and ratings help consumers evaluate the reliability and service quality of insurance companies before purchasing policies.

5. Discounts and Online Offers

Many insurance companies provide lower premiums, cashback offers, and special discounts for online policy purchases.

6. Social Media and Digital Marketing

Insurance companies use social media advertisements, influencer marketing, and online awareness campaigns to educate and attract customers.

Growth of Online Insurance Market in India (2020–2026)

Year	Estimated Digital Insurance Market Size (US\$ Billion)	Growth Trend
2020	12	Growth during pandemic
2021	16	Increase in online health insurance
2022	21	Expansion of digital payment systems
2023	28	Higher adoption of mobile insurance apps
2024	36	Increased awareness in rural and urban areas
2025	45	Growth in InsurTech platforms
2026	58	Projected rapid digital insurance expansion

Advantages of Online Insurance Services

- Easy policy comparison
- Faster policy issuance
- Convenient premium payments
- Reduced paperwork
- 24/7 accessibility
- Online claim tracking



- Time-saving process
- Better transparency and customer awareness

Challenges of Online Insurance Services

- Risk of cyber fraud and fake websites
- Privacy and data security concerns
- Lack of awareness regarding policy terms
- Difficulty in claim settlement understanding
- Dependence on internet connectivity
- Misleading advertisements and fake reviews
- Limited personal interaction with agents

Consumer Attraction Towards Online Insurance Services

Factors	Percentage of Consumers (%)
Easy Premium Comparison	80%
Convenient Online Payments	76%
Faster Policy Purchase	72%
Discounts and Cashback Offers	70%
Online Claim Services	68%
Social Media Advertisements	62%
Customer Reviews and Ratings	66%

Growth of Online Insurance in India

The online insurance sector in India has experienced rapid growth due to increasing internet penetration, smartphone usage, digital payment systems, and rising awareness regarding financial security. Digital transformation has changed the traditional insurance model by enabling customers to purchase, renew, compare, and manage insurance policies online. The introduction of InsurTech platforms, mobile applications, artificial intelligence, and paperless documentation has further accelerated the expansion of online insurance services in India.

India’s insurance industry has witnessed strong growth over the last two decades, with the market expanding at a CAGR of nearly 17%. The sector is projected to reach approximately US\$ 222 billion by FY26. Online insurance platforms are playing a major role in this expansion by offering convenient and transparent services to consumers.

According to industry reports, the India online insurance market reached nearly US\$ 10.4 billion in 2025 and is expected to grow to US\$ 20.8 billion by 2034, reflecting continuous growth in digital insurance adoption. The rapid growth of online insurance is also supported by regulatory reforms introduced by the Insurance Regulatory and Development Authority of India, including digital insurance marketplaces such as “Bima Sugam,” simplified online policy issuance, and expansion of digital claim settlement systems.



Major Reasons for Growth of Online Insurance in India

1. Increasing Internet and Smartphone Usage

The growing availability of affordable internet services and smartphones has enabled consumers to access insurance services digitally.

2. Digital Payment Systems

UPI, mobile wallets, net banking, and online payment gateways have simplified premium payments and policy renewals.

3. Growth of InsurTech Companies

Digital insurance startups and online aggregators provide easy policy comparison, instant policy issuance, and personalized insurance solutions.

4. COVID-19 Pandemic Impact

The pandemic increased awareness regarding health and life insurance and encouraged consumers to shift toward online insurance services.

5. Government and Regulatory Support

Digital initiatives and regulatory reforms by IRDAI have promoted paperless insurance systems and online grievance redressal mechanisms.

6. Social Media and Digital Marketing

Insurance companies increasingly use digital advertisements, influencer marketing, and social media campaigns to attract customers.

Growth of Online Insurance Market in India

Year	Estimated Online Insurance Market Size (US\$ Billion)	Growth Trend
2020	5.5	Rapid digital adoption during COVID-19
2021	6.8	Increase in online health insurance
2022	8.1	Expansion of digital payment systems
2023	9.2	Growth of InsurTech platforms
2024	9.9	Higher mobile-based insurance adoption
2025	10.4	Increased digital awareness
2034*	20.8	Projected long-term market expansion

Key Trends in Online Insurance Growth

- Expansion of mobile insurance applications
- Growth of digital claim settlement systems
- Increased use of artificial intelligence and chatbots
- Rising popularity of health and term insurance
- Adoption of paperless documentation and e-KYC
- Growth of rural digital insurance penetration
- Development of online grievance redressal systems

Challenges Affecting Online Insurance Growth

- Cyber fraud and fake insurance websites
- Data privacy and security concerns
- Misleading advertisements and fake claim settlement ratios
- Lack of awareness regarding policy terms and conditions



- Trust issues among first-time digital users
- Recent discussions and regulatory actions have highlighted concerns regarding fake online insurance activities and misleading claim settlement advertisements.

Findings of the Study

- Convenience and easy accessibility are the major reasons consumers prefer online insurance services.
- Digital payment systems and paperless transactions have increased online insurance adoption.
- Consumers rely heavily on online reviews and comparisons before purchasing insurance policies.
- Social media marketing and digital advertisements significantly influence insurance buying behaviour.
- Cybersecurity concerns and lack of policy awareness remain major barriers to customer trust.
- The increasing use of smartphones and internet services has accelerated the growth of digital insurance platforms.

Suggestions

- Insurance companies should strengthen cybersecurity and customer data protection systems.
- Clear and transparent policy information should be provided on digital platforms.
- Consumer awareness programs regarding online insurance and claim procedures should be promoted.
- Faster online claim settlement systems should be implemented to improve customer satisfaction.
- Ethical digital marketing practices should be adopted to avoid misleading information.

II. CONCLUSION

The digital era has significantly transformed consumer buying behaviour in the insurance sector. Online insurance services have become increasingly popular due to convenience, transparency, easy premium comparison, and digital payment facilities. Similar to e-commerce platforms, digital insurance services allow consumers to access information, compare alternatives, and purchase policies quickly and efficiently. Social media marketing, customer reviews, and online promotional strategies further influence consumer preferences toward online insurance platforms. Despite several advantages, concerns regarding cyber fraud, privacy, and policy understanding continue to affect customer trust. Therefore, insurance companies must focus on improving digital security, customer awareness, and service quality to strengthen long-term relationships with consumers. The future of online insurance in India appears highly promising due to rapid digitalization, internet penetration, and growing awareness of financial security.

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